

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** April 2, 2008  
**POSITION:** Neutral, note concerns

**BILL NUMBER:** SB 1327  
**AUTHOR:** M. Wyland

### **BILL SUMMARY:** Career Technical Education Facilities Program

Under existing law, the Career Technical Education Facilities Program (CTEFP) provides funding to school districts for constructing new facilities or modernizing existing facilities for career technical education programs at existing high schools. Participating school districts that receive a grant under this program are required to contribute local matching funds that are equal to the amount of funds received from the state. This bill would authorize donations of equipment, labor, and building materials to count towards a district's local matching requirement in order to receive state funds through the CTEFP. These provisions would apply to bonds approved by voters after January 1, 2008.

### **FISCAL SUMMARY**

By allowing donations of equipment, labor, and building materials to count toward a district's local matching requirement under the CTEFP, this bill would create cost pressures for additional state funds to support career technical education projects. These cost pressures could be in the tens of millions of dollars which could also limit the number of career technical education projects to be funded from remaining bonds. Additionally, we note this bill would impose additional workload on the Office of Public School Construction associated with certifying and auditing the proposed allowable local contributions. However, these activities can likely be absorbed within existing resources.

### **COMMENTS**

The Department of Finance is neutral on this bill, but notes the following concerns:

- By broadening allowable local contributions, specifically the authorization of equipment and labor, this bill would create new funding pressures on education bonds to support career technical education projects. Such changes to the funding requirements of the CTEFP should be negotiated as part of a future education bond.
- Proposition 1D already provides \$500 million for career technical education facilities. At the March 26, 2008, State Allocation Board meeting, approximately \$199 million in apportionments for 174 eligible CTEFP projects were approved as part of the first funding cycle. Applications for the second round of funding are due April 30, 2008. Given the current level of participation, it is unclear why any changes to the program are necessary.

Analyst/Principal (0354) L. Del Castillo	Date	Program Budget Manager Jeannie Oropeza	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
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**BILL NUMBER**

SB 1327

		SO	(Fiscal Impact by Fiscal Year)							
Code/Department		LA	(Dollars in Thousands)							
Agency or Revenue		CO	PROP						Fund	
Type		RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	Code
1760/Dept Gen Svc		SO	No	-----	No/Minor	Fiscal Impact	-----			6057
6350/Facil Aid		LA	No	-----	See Fiscal Summary	-----				6057
<u>Fund Code</u>	<u>Title</u>									
6057	School Facilities Fund, 2006 State									